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CENTRAL INTELLIGENCE AGENCY

YATNUCO	China		REPORT NO	⁷ ·∟
SUBJECT	Observations on Port Conditions,	RESPONSIVE TO		
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The Office of Naval Intelligence, 5ND, in Report No. 39-C-53, furnished the following information to CIA for IAC dissemination in accordance with paragraph 3c of NSCID #7_7

- 1. At the entrance to the harbor channel, a pilot who spoke excellent English and appeared to be quite intelligent as well as competent, boarded our ship. He was accompanied by a Chinese Intelligence Agent or "Commissar" who closely observed the pilot, listened to each command and instruction given the pilot, and stayed very close to the pilot during the ship's entrance. The agent frequently checked to determine whether or not the ship was following prescribed courses. After the ship was berthed at Pier 2, Berth 12, as shown on H O Chart #5537, Dairen Ko., all radios, binoculars, sextants, cameras and publications were sealed, and a careful search was made for stowaways. During the visit, crew members, never over five at one time, were granted liberty from 0900 to 1900 but those on liberty were restricted to the main street and constantly under surveillance. The pier where our ship was docked was partially covered with passenger waiting rooms, ticket booths, customs and business offices. The ship's stores and supplies were available through the government's chandler, prices were reasonable, and fresh stores were purchased including green goods and standard supplies but no fuel. The port facilities included hammerhead cranes of sufficient size and load-carrying capacities to handle small locomotives. The breakwater jetties were completed and no construction or repairs were noted.
- 2. I observed several vessels while in the port including the SS Koscuisco, a Polish ship unloading small locomotives about the size of switch engines. This vessel was formerly German-owned and is now outfitted to carry passengers. I observed a ship estimated about six to seven thousand tons berthed at the end of Pier 2 fully loaded athwartships with what I believed were fairly new "invasion barges" about 50 to 60 feet long of metal construction with pointed not flat bows. I

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believe these craft resemble the LCVP #146 as shown in the Far Eastern Sighting Guide ONI-F-31 FE with the exception that the bows were broadly pointed. I saw one barge resembling the above-described craft but of wooden construction and in poor condition. This single barge was laid up at Pier I and was flying the North Korean flag. I observed about 20 cargo freighters which were in various stages of being refitted and were located in drydocks and slips of the Hamacho River. These ships were all six to seven thousand tons and appeared to be in excellent condition. I noted a Swedish ship, name unknown, discharging general cargo at either the east side of Pier 4 or the west side of Pier 3. Some of the cargo consisted of circular objects, seemingly heavy, wrapped in paper similar to that used around automobile tires, but I do not believe that these articles were tires.

3. Each day between 1300 and 1400 (LCT) two formations of four MIG-15 planes each flew over Dairen on ENE course, but I observed no return flights. Chinese officials came absard with quantities of propaganda and publications among which was one well-bound book containing numerous photographs showing germ warfare purportedly used by the United Nations. The photos showed germ containers and innects which were also purportedly used by the UN. There were other pictures showing peace demonstrations in East Germany. I saw Chinese army officers in the port, no naval ratings, and no Soviet officers. Unlike former years there was no western merchandise available and only Asiatic goods were for sele. The crew members made no purchases due to excessive prices, and the exchange rate of 48 thousand yen to the UK pound.

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